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# USSR Report

INTERNATIONAL ECONOMIC RELATIONS



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THEORETICAL BASIS OF COUNTERTRADE EXPLAINED

Moscow FOREIGN TRADE in English No 11, Nov 83 pp 28-32

[Article by Sergei Ponomarev, Cand. Sc. (Econ).]

[Text] Economic relations between the socialist and industrial capitalist countries in the 1970s were characterized by a rapid growth of mutual trade. According to the United Nations statistical bodies, over the 1970-1980 period its cost volume increased from 16,100 million up to 117,500 million dollars,<sup>1</sup> i.e., over seven times. However, the specificity of this period was determined more than by a quantitative growth. Considerable qualitative changes were seen primarily in the wide application of new forms of long-term trade and economic ties not typical before in East-West relations.

As a result of an objective process of deepening the international division of labour, which especially progressed in the period of detente during this decade, the number of agreements envisaging comprehensive export-import transactions, industrial cooperation, setting up of joint trade and industrial enterprises and fulfilment of joint projects in third countries greatly increased. From OECD data, in the 1970s about 20 per cent of East-West trade was carried out on the basis of transactions which in one form or another combined export and import operations.<sup>2</sup> Some experts have expressed the opinion that recently this share is reaching even 30 to 40 per cent.<sup>3</sup>

Naturally, such a tendency demanded an analytical approach and a generalized evaluation. It is worth mentioning that some Western economists simplifying the task of evaluating the present development of the socialist-capitalist countries' trade relations try to unite heterogeneous phenomena having a purely outward resemblance within the framework of one concept. The question is about the term "countertrade" which appeared in the Western press in the late 1970s.

Various sources give widely different definitions of the term "countertrade". We shall cite two typical examples. The result of OECD research in 1981 gives the following definition: "Countertrade can be defined as an international commercial operation in the framework of which the seller has to accept in partial or total settlement of his deliveries the supply of products (or more rarely services) coming from the purchasing country."<sup>4</sup> US economists define "countertrade" as a means of financing goods flows in international trade through exchange of product for product.<sup>5</sup>

What specific content do Western economists put into the "countertrade" concept? An analysis of existing opinions shows that views vary not only in the definition of the phenomena but also in the classification of its separate specific forms. Due to ambiguity of the term "countertrade" the same transactions are defined differently and vice versa, different phenomena are reduced to the same concept. That is why it is unnecessary to give a full list of the terms Western scientists use to define the given forms of trade operations. The simplest forms of trade and economic relations--the exchange of goods, not stipulated by monetary circulation, for instance, barter transactions, are referred to as "countertrade". A large group of transactions constitutes the so-called "counterpurchases," or "tied purchases," "parallel," "goods exchange" and "offset" deals and their modifications. Their general idea is that an exporter, under a contract, undertakes a commitment to purchase goods for a certain portion of his export cost from an importer, the choice of the purchased goods as a rule being determined by the exporter himself. Finally, "countertrade" includes the form which in the West is often called "buy-back deals" bearing in mind agreements on deliveries on credit terms, generally of licences, machinery, equipment, materials or complete enterprises with subsequent purchases of products manufactured by them (buy-back arrangements).<sup>6</sup>

A general criterion--thanks to which all these forms of foreign economic relations can be reduced to the framework of one concept--serves as the only indicator meaning in fact the availability of export and import operations in each specific case, or, in other words, two-way flows of goods. Applying it, one can refer almost to all modern forms of economic ties (industrial cooperation, joint enterprises, intrafirm trade, et.) existing in relationships between all groups of countries and within these groups as contained in the term "countertrade". Moreover, the application of the indicator combining export and import operations would logically result in including any trade between two countries in the category of "countertrade" provided it is not a "street with one-way traffic."

An ambiguous definition of the criterion in a number of cases leads to instances when operations which even cannot be called independent forms of foreign economic relations are referred to as modifications of "countertrade." Thus, for example, in a research "Analysis of Recent Trends in U.S. Countertrade" the United States International Trade Commission published in 1982, the list of "countertrade" forms includes, besides others, such a type of operation as "switch" sometimes also called "financial compensation". A peculiar feature of this operation is that the Western side, under the "buy-back arrangements" switches the socialist country's goods to a third side, a trade firm, for example. There is also such a "form" as "offset" which is in essence "buy-back" too but it concerns the sale of goods (for instance, civil aircraft, equipment for atomic power stations) considered to be of priority by the purchasing country's government.

Such operations related only to certain forms of foreign trade settlements or to rather limited goods groups characterizing only a technical aspect of transactions have been in use for a long time (even before the term "countertrade" appeared) in many types of barter trade and of course they cannot claim



to be independent forms of foreign economic relationships just as various types of trade payments (encashment, letter of credit, etc.) are.

What makes Western economists unite heterogeneous phenomena abstracting themselves from their economic essence and taking into account the only rather broad indication--the availability of a two-way flow of goods?

In this case some Western researchers putting forward a formal characteristic of export and import combination instead of the economic essence of the phenomena try to impress artificiality on such coordination within the framework of one transaction. Thus the objective tendency of international economic relations changing from unilateral transactions (according to the direction of the flow) to comprehensive forms of relations which are more widely used in East-West trade is ignored. Diverse examples of comprehensive ties existing in this area are fitted in the countertrade scheme often said to be an obstacle in the way of developing trade relations between the countries with different social systems and bringing additional difficulties for the Western firms participating in them.<sup>8</sup>

Thus, a new device for attacking the socialist countries' export appeared in the Western critics' arsenal.

The imperialist states' traditional striving for foreign economic expansion and protectionism assume new forms but the goal remains the same to monopolize foreign markets and not admit other countries' goods, primarily those of the socialist countries, to their internal markets. It is the real foundation of some countertrade concepts put forward by Western economists.

The bourgeois researchers' approach to the problem can be explained by their reluctance to consider the socialist countries as equitable partners in economic cooperation, the desire to reserve the exclusive right of export for themselves and look at the import from these countries as an inevitable evil.

In the report of the EEC Commission on Foreign Economic Relations dealing with cooperation with the CMEA member-countries, dated July 28, 1982, in the section on countertrade a Western partner is mentioned as a Western exporter or Western supplier. The voluminous work on countertrade carried out by the Business International Research Organization in 1981 adheres to the same idea. Here a persistent desire to maintain corresponding labels on the partners leads to the appearance of eclectic expressions such as "Western exporter's import" and "Eastern importer's export". This is typical of other publications in Western economic literature.

Some Western economists trying to present everything which is outside the range of separate single transactions as something unusual in the trade of countries with different social systems forget that combination of export and import operations has been for a long time actively utilized by capitalist firms in relations between themselves and with the developing countries. Furthermore, the latest researches show that the sphere of using these ties is expanding. At present the transactions combining export and import, according to experts, amount to 25 to 30 per cent of the world's total trade volume.<sup>9</sup>

For example, Sweden concluded a large contract with the U.S. firm General Electric on manufacture and delivery of aircraft engines on the terms of the latter purchasing products from Swedish industry. The company MacDonnel Douglas (USA) received an order for the delivery of aircraft worth 2,400 million dollars to Canada on terms that Canadian firms will ship their goods worth 2,900 million dollars over a 15-year period to the USA. The firm General Electric lost an order for the delivery of medical equipment to Austria after its West German competitor Siemens decided to expand the manufacture and marketing of Austrian electronic components on the foreign markets. Brazil's government imposed a commitment on all branches of foreign automobile firms in the country forcing them to export their products worth 21,000 million dollars in the period up to 1989 in exchange for the right of tax-free import of necessary parts and completing items to Brazil. Robert D. Schmidt, Vice-President of the Corporation Control Data characterized this action in such a way: "Everybody is at it; more countries are demanding reciprocity." "It is one of the realities of doing business," Joseph F. Condon, Vice-President of the firm Combustion Engineering, stated.<sup>10</sup>

A tendency to confuse the countertrade concept with principles of cooperation on a compensation basis widely practised by the Soviet Union with the industrial capitalist countries is observed in Western sources. This at first sight purely theoretical question is of a substantial practical importance for the sides participating in large-scale and long-term economic transactions.

These distortions of the concept found in Western publications can be reduced to two types. First is the striving to include compensation cooperation, along with other forms of relations, in the term "countertrade", moreover, to impart a meaning to it different from the traditional one.

For example, a list of countertrade forms given in the above OECD research contains:

1. Barter transactions.
2. Compensation transactions (linkage deals) including:
  - a) compensation in the strict sense of the term;
  - b) counterpurchases;
  - c) pre-compensation (linkage deals, anticipatory purchases);
  - d) parallel transactions and countertransactions;
  - e) counterpurchases as part of an overall arrangement (long-term commercial framework agreements, protocol-type agreements, product exchange agreements).
3. Buy-back arrangements.<sup>11</sup>



Under the general term "compensation transactions" in the OECD research product exchange is included in which the Eastern side's deliveries are payments for the Western side's deliveries. The choice of exchanged goods, as a rule, depends only on both countries' market situation.

Specific forms of compensation transactions, according to the OECD classification, are in the main the following: compensation in the strict sense of the term is a combination of import and export operations within one contract; counterpurchase is a similar transaction demanding the conclusion of two separate contracts for import and export; pre-compensation is an operation in which the Eastern partner's deliveries are ahead in time of the flow of those Western goods which they are intended to repay; parallel transactions are those under which a Western firm assumes commitments to undertake counterpurchases not in a strict term of the contract but as a "gentlemen's agreement". According to the OECD researchers themselves, it is difficult to define precisely counterpurchases as part of an overall arrangement. They can be undertaken under agreements on natural goods exchange between Western firms and the socialist countries' organizations, can result from interbranch specialization and industrial cooperation or can refer even not to countertrade but rather to industrial cooperation.

In this case one can see that the compensation concept does not include the form of relationships which for 15 years already the USSR has been maintaining with the industrial capitalist countries and well known as cooperation on a compensation basis.

The major mistake of the second type of deviations is that the term "compensation" embraces the entire heterogeneous set of trade relationships which Western researchers assign to countertrade. Thus in a French expert's article entitled Export: compensation should be considered cooperation on a compensation basis includes:

1. Barter transactions.
2. Counterpurchases (including pre-compensation).
3. Buy-back.
4. Switch.<sup>12</sup>

The practical harm being done due to these uncertainties is that they distort the idea of the principles of cooperation on a compensation basis. Taking advantage of this, Western critics automatically transfer to such cooperation all real and invented difficulties that are inherent in absolutely different phenomena and disorient potential partners.

Confusion between the concepts "countertrade" and "compensation agreement" should not happen at all because of their formal characteristics. The existing practice relates to compensation cooperation the following operations: allotments of special purpose financial and material resources (usually in the form of special purpose crediting), creation of new production capacities,

repayment (compensation) of a credit by deliveries of goods manufactured at new capacities or deliveries of similar products from other enterprises.<sup>13</sup>

From all the types of trade agreements such elements are contained only in buy-back transactions. It is radically wrong to consider cooperation on a compensation basis as phenomena of the same type as barter transactions and other similar commercial operations. These operations envisage the exchange of goods the combination of which can be absolutely arbitrary and they do not establish long-term stable ties. Their aims generally are very limited, reduced to the task of balancing the two countries' trade turnover and do not extend beyond the circulation sphere.

Cooperation on a compensation basis primarily deals with the production area. It presupposes important undertakings for mutual adaptation by the cooperating sides in certain production spheres. Among them is the creation of new production capacities which are to manufacture products with such quality parameters and in such amounts that the foreign partner requires. These capacities are being created as a rule on the basis of long-term cooperation--from the design stage to contract supervision of equipment, erection and commissioning of a project. Moreover, compensation cooperation directly affects the investment process. The credits granted under it are a source for financing a portion of a borrower country's capital investments.

Thus the reasons behind the advantages gained by the sides' participating in compensation-based cooperation are much deeper than just their wish to offset purchases by export counterdeliveries. Furthermore, if we consider only the external goods exchange aspect, a Western partner benefits substantially as he delivers goods to a reliable guaranteed commodity market, and the Soviet side in paying off its obligations meets with a certain degree of risk caused by sharp fluctuations and recessions on the Western countries' markets.

Many characteristic features of compensation agreements make it possible to classify them as one of the forms of industrial cooperation. The UN publication on East-West industrial cooperation problems singles out the following types of it:

1. Licensing with payment in resultant products.
2. Supply of complete plants or production lines with payments in resultant products.
3. Co-production and specialization.
4. Sub-contracting.
5. Joint ventures.
6. Joint tendering or joint construction or similar projects.<sup>14</sup>

The first two of the above types fully correspond to the concept of compensation-based cooperation worked up in the process of practical activity. Thus,

its belonging to industrial cooperation beyond purely commercial operations is recognized by authoritative international organizations.

It is worth mentioning that in a number of cases the Western authors of the countertrade concept are aware themselves of the artificial character of mechanically equating compensation cooperation with various "counterpurchases", "offset", "linkage deals" and other similar purchases limited by the circulation sphere as well as attaching the term "compensation" to all of them without discrimination. OECD researchers admit that this is the "main cause of the above confusion".<sup>15</sup> To avoid it they introduce an additional subdivision: they call barter transactions, "counterpurchases", "parallel purchases", "linkage deals", etc.--commercial compensation, and buy-back arrangements, i.e., compensation cooperation itself--industrial compensation.

However, in our opinion, such complicated terms hardly help avoid confusion and imprecision in the classification. This imprecision is caused by an attempt to unite different concepts under the ambiguous term "countertrade" which in this case lacks specific economic sense and pursues the only aim--to present the tendency for strengthening the principle of reciprocity and bilateralism in West-East trade relations as an accidental phenomena, in a way unfavourable to Western partners. Meanwhile, even for elementary logical reasons the obstacle erected to the deliveries from the socialist countries hinder the Western firms' export expansion on these countries' capacious markets. Besides, the deepening of reciprocity in trade relations between the states with different social systems is a natural process progressing as the socialist countries build up their economic potential. The stated tendency is universal for the present day international trade. According to P. Versariu, an expert in the US Department of Commerce, "utilization of bilateralism in trade is a real fact not only for East-West and North-South trade but also for trade between such industrial countries like France, Italy and Japan."<sup>16</sup>

East-West economic relations are developing in many directions. There is no need to forego such types which are connected with goods exchange operations within the circulation sphere. The practice shows that even "archaic" barter transactions can be applied here in a number of cases, in particular as part of more sophisticated forms of economic relationships.

However, a key trend strengthening the reciprocity principle in trade and economic ties between the socialist and capitalist countries is the general deepening of the international division of labour and the wider involvement of the production spheres in such relations. Compensation projects are one of the first steps in this direction which have already proved their efficiency.

The capitalist countries' business circles are more and more aware of the advantages of cooperation with socialist partners in manufacturing goods which are in demand in the West, meet the desired quality characteristics and can be often supplied and produced at lower costs than those of their own production. OECD researchers on this point write that the majority of Western partners consider it more profitable to obtain a source of a good product being marketed without great problems rather than spend all their energy on bargaining for the minimum possible counterpurchase ratio.<sup>17</sup> The source of such a "good"

product can be created through cooperation including long-term crediting, exporting machinery, equipment, know-how, etc. to the socialist countries. Here compensation deliveries become an integral part of a comprehensive form of foreign economic ties.

Pointing out that many industrial capitalist countries more widely use compensation agreements (concluded not only with the socialist countries) as one of effective ways of creating guaranteed and stable sources of necessary imports, Western researchers in a number of cases directly classify them as a modification of develop-for-import projects.<sup>18</sup>

The compensation cooperation scheme comprising the three elements mentioned above should be considered as a basis. Depending on specific requirements it can include a building contract, leasing, joint scientific developments and exchange of services. Future cooperation can attain more and more elements of co-production in perspective especially in the manufacturing industry. Here is the opinion of the director of the French firm Sorimex dealing with compensation transactions: "We want compensation to develop to the level of cooperation."<sup>19</sup>

Thus both cooperating sides are aware of the tendency to strengthen the comprehensiveness of East-West trade, and impart a mutually beneficial character to it. In this connection compensation agreements are one of the mechanisms for transferring single separate transactions to the more efficient, stable long-term cooperation dealing directly with the material production sphere to a greater degree.

1. Monthly Bulletin of Statistics, May 1982, Vol. XXXVI.
2. The Economist, December 25, 1982-January 7, 1983, p. 82.
3. L'Usine Nouvelle, 20 mai 1982, p. 95.
4. East-West Trade. Recent Developments in Countertrade, OECD, Paris, 1981, p. 9.
5. Analysis of Recent Trends in US Countertrade, United States International Trade Commission, Washington, D. C., 1982, p. V.
6. In the practice of relationships between Soviet foreign trade organizations and Western partners this form was called "cooperation on a compensation basis".
7. Analysis of Recent Trends in US Countertrade, United States International Trade Commission, Washington, D. C., 1982, p. 8.
8. East-West countertrade practices: An Introductory Guide for Business, US Department of Commerce, Washington, D. C., 1978, p. 4.
9. Business Week, July 19, 1982, p. 118.



10. Ibid.
11. East-West Trade. Recent Developments in Countertrade, OECD, Paris, 1981, pp. 17-23.
12. Sylvie Belujon. Exportations: il faut compter avec les compensations, L'Usine nouvelle, 20 mai, 1982, p. 96.
13. S. Savin, Cooperation on a Compensation Basis. Foreign Trade No. 4, 1980, p. 16-20.
14. Analytical Report on Industrial Cooperation Among ECE Countries, United Nations, Geneva, 1973, p. 2.
15. East-West Trade. Recent Developments in Countertrade, OECD Paris, 1981, p. 18.
16. Business Week, July 19, 1982, p. 119.
17. The counterpurchase ratio within the scales of one transaction is defined in the West as the ratio of the cost of goods coming from the socialist countries in repayment for the Western deliveries to the cost of these deliveries.
18. James J. Walsh, The Growth of Develop-for-Import Projects. Resources Policy, Vol. 8. No. 4, December 1982, pp. 277-284.
19. Sylvie Belujon, Exportations: il faut compter avec les compensation. L'Usine nouvelle, 20 mai, 1982, p. 96.

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## SOVIET FOREIGN TRADE STATISTICS, JANUARY-SEPTEMBER 1983

Moscow FOREIGN TRADE in English No 11, Nov 83 insert

[Text]

## Soviet Foreign Trade by Groups of Countries

(mln rubles)

		January — September				January — September	
		1982	1983			1982	1983
TOTAL	Turnover	88777,0	90000,0	Industrial capitalist countries	Turnover	22700,0	22500,0
	Export	42000,0	44000,0		Export	12000,0	11500,0
	Import	46777,0	46000,0		Import	10700,0	11000,0
Socialist countries	Turnover	20000,0	20000,0	Developing countries	Turnover	12000,0	12000,0
	Export	10000,0	10000,0		Export	6000,0	6000,0
	Import	10000,0	10000,0		Import	6000,0	6000,0
including CMEA member countries	Turnover	10000,0	10000,0		Turnover	10000,0	10000,0
	Export	5000,0	5000,0		Export	5000,0	5000,0
	Import	5000,0	5000,0		Import	5000,0	5000,0

## Soviet Foreign Trade by Countries\*

(mln rubles)

Countries		January — September		Countries		January — September	
		1982	1983			1982	1983
EUROPE				Hungary	Turnover	10000,0	10000,0
	Austria	10000,0	10000,0		Export	5000,0	5000,0
	Export	5000,0	5000,0		Import	5000,0	5000,0
Belgium	Turnover	10000,0	10000,0	German Democratic Republic	Turnover	10000,0	10000,0
	Export	5000,0	5000,0		Export	5000,0	5000,0
	Import	5000,0	5000,0		Import	5000,0	5000,0
Bulgaria	Turnover	10000,0	10000,0	Greece	Turnover	10000,0	10000,0
	Export	5000,0	5000,0		Export	5000,0	5000,0
	Import	5000,0	5000,0		Import	5000,0	5000,0
Great Britain	Turnover	10000,0	10000,0	Denmark	Turnover	10000,0	10000,0
	Export	5000,0	5000,0		Export	5000,0	5000,0
	Import	5000,0	5000,0		Import	5000,0	5000,0
				West Berlin	Turnover	10000,0	10000,0
					Export	5000,0	5000,0
					Import	5000,0	5000,0

\* The countries are given in the Russian alphabetical order.

Countries		January - September		Countries		January - September	
		1982	1983			1982	1983
Ireland	Turnover	4,458,000	6,470,000	Switzerland	Turnover	6,000,000	6,000,000
	Export	4,458,000	6,470,000		Export	6,000,000	6,000,000
	Import	4,458,000	6,470,000		Import	6,000,000	6,000,000
Iceland	Turnover	4,458,000	6,470,000	Sweden	Turnover	6,000,000	6,000,000
	Export	4,458,000	6,470,000		Export	6,000,000	6,000,000
	Import	4,458,000	6,470,000		Import	6,000,000	6,000,000
Spain	Turnover	4,458,000	6,470,000	Yugoslavia	Turnover	6,000,000	6,000,000
	Export	4,458,000	6,470,000		Export	6,000,000	6,000,000
	Import	4,458,000	6,470,000		Import	6,000,000	6,000,000
Italy	Turnover	4,458,000	6,470,000	ASIA			
	Export	4,458,000	6,470,000	Afghanistan	Turnover	6,000,000	6,000,000
	Import	4,458,000	6,470,000		Export	6,000,000	6,000,000
Liechtenstein	Turnover	4,458,000	6,470,000		Import	6,000,000	6,000,000
	Export	4,458,000	6,470,000	Bangladesh	Turnover	6,000,000	6,000,000
	Import	4,458,000	6,470,000		Export	6,000,000	6,000,000
Luxembourg	Turnover	4,458,000	6,470,000		Import	6,000,000	6,000,000
	Export	4,458,000	6,470,000	Burma	Turnover	6,000,000	6,000,000
	Import	4,458,000	6,470,000		Export	6,000,000	6,000,000
Netherlands	Turnover	4,458,000	6,470,000		Import	6,000,000	6,000,000
	Export	4,458,000	6,470,000	Vietnam	Turnover	6,000,000	6,000,000
	Import	4,458,000	6,470,000		Export	6,000,000	6,000,000
Norway	Turnover	4,458,000	6,470,000		Import	6,000,000	6,000,000
	Export	4,458,000	6,470,000	India	Turnover	6,000,000	6,000,000
	Import	4,458,000	6,470,000		Export	6,000,000	6,000,000
Poland	Turnover	4,458,000	6,470,000		Import	6,000,000	6,000,000
	Export	4,458,000	6,470,000	Indonesia	Turnover	6,000,000	6,000,000
	Import	4,458,000	6,470,000		Export	6,000,000	6,000,000
Portugal	Turnover	4,458,000	6,470,000		Import	6,000,000	6,000,000
	Export	4,458,000	6,470,000	Jordan	Turnover	6,000,000	6,000,000
	Import	4,458,000	6,470,000		Export	6,000,000	6,000,000
Romania	Turnover	4,458,000	6,470,000		Import	6,000,000	6,000,000
	Export	4,458,000	6,470,000	Iraq	Turnover	6,000,000	6,000,000
	Import	4,458,000	6,470,000		Export	6,000,000	6,000,000
Federal Republic of Germany	Turnover	4,458,000	6,470,000		Import	6,000,000	6,000,000
	Export	4,458,000	6,470,000	Iran	Turnover	6,000,000	6,000,000
	Import	4,458,000	6,470,000		Export	6,000,000	6,000,000
Finland	Turnover	4,458,000	6,470,000		Import	6,000,000	6,000,000
	Export	4,458,000	6,470,000	Yemen Arab Republic	Turnover	6,000,000	6,000,000
	Import	4,458,000	6,470,000		Export	6,000,000	6,000,000
France	Turnover	4,458,000	6,470,000		Import	6,000,000	6,000,000
	Export	4,458,000	6,470,000	People's Democratic Republic of Yemen	Turnover	6,000,000	6,000,000
	Import	4,458,000	6,470,000		Export	6,000,000	6,000,000
Czechoslovakia	Turnover	4,458,000	6,470,000		Import	6,000,000	6,000,000
	Export	4,458,000	6,470,000				
	Import	4,458,000	6,470,000				

Countries		January - September		Countries		January - September	
		1982	1983			1982	1983
Kampuchea	Turnover	6,000	4,400	Philippines	Turnover	2,200	2,200
	Export	2,000	2,000		Export	1,000	1,000
	Import	4,000	2,400		Import	1,200	1,200
Cyprus	Turnover	1,000	1,000	Sri Lanka	Turnover	1,000	1,000
	Export	1,000	1,000		Export	1,000	1,000
	Import	0	0		Import	0	0
Costa	Turnover	1,000	1,000	Japan	Turnover	2,200	2,200
	Export	1,000	1,000		Export	1,000	1,000
	Import	0	0		Import	1,200	1,200
Korean People's Democratic Republic	Turnover	1,000	1,000	AFRICA			
	Export	1,000	1,000	Algeria	Turnover	1,000	1,000
	Import	0	0		Export	1,000	1,000
Kuwait	Turnover	0	0		Import	0	0
	Export	0	0	Angola	Turnover	1,000	1,000
	Import	0	0		Export	1,000	1,000
Laos	Turnover	1,000	1,000		Import	0	0
	Export	1,000	1,000	Ivory Coast	Turnover	1,000	1,000
	Import	0	0		Export	1,000	1,000
Lebanon	Turnover	1,000	1,000		Import	0	0
	Export	1,000	1,000	Ghana	Turnover	1,000	1,000
	Import	0	0		Export	1,000	1,000
Malaysia	Turnover	1,000	1,000		Import	0	0
	Export	1,000	1,000	Guinea	Turnover	1,000	1,000
	Import	0	0		Export	1,000	1,000
Mongolian People's Republic	Turnover	1,000	1,000		Import	0	0
	Export	1,000	1,000	Egypt	Turnover	1,000	1,000
	Import	0	0		Export	1,000	1,000
Nepal	Turnover	1,000	1,000		Import	0	0
	Export	1,000	1,000	Cameroon	Turnover	1,000	1,000
	Import	0	0		Export	1,000	1,000
Pakistan	Turnover	1,000	1,000		Import	0	0
	Export	1,000	1,000	People's Republic of Congo	Turnover	1,000	1,000
	Import	0	0		Export	1,000	1,000
Saudi Arabia	Turnover	1,000	1,000		Import	0	0
	Export	1,000	1,000	Liberia	Turnover	1,000	1,000
	Import	0	0		Export	1,000	1,000
Singapore	Turnover	1,000	1,000		Import	0	0
	Export	1,000	1,000	Libya	Turnover	1,000	1,000
	Import	0	0		Export	1,000	1,000
Sri Lanka	Turnover	1,000	1,000		Import	0	0
	Export	1,000	1,000	Morocco	Turnover	1,000	1,000
	Import	0	0		Export	1,000	1,000
Thailand	Turnover	1,000	1,000		Import	0	0
	Export	1,000	1,000	Mozambique	Turnover	1,000	1,000
	Import	0	0		Export	1,000	1,000
Turkey	Turnover	1,000	1,000		Import	0	0
	Export	1,000	1,000				
	Import	0	0				

Countries		January - September		Countries		January - September	
		1982	1983			1982	1983
Nigeria	Turnover	222.3	2.0	Colombia	Turnover	1.1	1.1
	Export	122.3	1.1		Export	1.1	1.1
	Import	100.0	0.9		Import	1.1	1.1
Sudan	Turnover	0.0	0.0	Cuba	Turnover	0.0	0.0
	Export	0.0	0.0		Export	0.0	0.0
	Import	0.0	0.0		Import	0.0	0.0
Sierra Leone	Turnover	0.0	0.0	Mexico	Turnover	1.1	1.1
	Export	0.0	0.0		Export	1.1	1.1
	Import	0.0	0.0		Import	1.1	1.1
Tanzania	Turnover	0.0	0.0	Nicaragua	Turnover	0.0	0.0
	Export	0.0	0.0		Export	0.0	0.0
	Import	0.0	0.0		Import	0.0	0.0
Yugoslavia	Turnover	4.4	1.0	Panama	Turnover	1.0	1.0
	Export	4.4	1.0		Export	1.0	1.0
	Import	4.4	1.0		Import	1.0	1.0
Ethiopia	Turnover	1.1	1.1	Peru	Turnover	1.1	1.1
	Export	1.1	1.1		Export	1.1	1.1
	Import	1.1	1.1		Import	1.1	1.1
AMERICAS				United States of America	Turnover	1.0	1.0
Argentina	Turnover	1.1	1.1		Export	1.0	1.0
	Export	1.1	1.1		Import	1.0	1.0
	Import	1.1	1.1	Uruguay	Turnover	1.1	1.1
Bolivia	Turnover	2.0	1.1		Export	1.1	1.1
	Export	2.0	1.1		Import	1.1	1.1
	Import	2.0	1.1	ALSTRALIA AND OCEANIA			
Brazil	Turnover	4.4	1.0	Australia	Turnover	4.4	1.0
	Export	4.4	1.0		Export	4.4	1.0
	Import	4.4	1.0		Import	4.4	1.0
Canada	Turnover	9.0	1.0	New Zealand	Turnover	1.0	1.0
	Export	9.0	1.0		Export	1.0	1.0
	Import	9.0	1.0		Import	1.0	1.0

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NATIONAL ECONOMIC COMPLEXES, INTERNATIONAL ECONOMIC RELATIONS

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[Article by Candidates of Economic Sciences B. Dyakin and J. Fingerland (CSSR): "The Socialist National Economic Complex in the System of International Economic Relations"; passages rendered in all capital letters printed in italics in source]

[Text] In the economic literature of a number of CEMA member countries the problems of the national economic complex from the point of view of its structures, the optimization of the distribution of productive forces, the specification of the type of specialization and the increase of the effectiveness of participation in the international socialist division of labor have been fruitfully elaborated, especially in recent years.

In the decree of the CPSU Central Committee "On the 60th Anniversary of the Formation of the Union of Soviet Socialist Republics" it is emphasized: "IN MATURE SOCIALIST SOCIETY THE UNIFIED NATIONAL ECONOMIC COMPLEX IS BEING SUCCESSFULLY DEVELOPED..." And further: "THE RELATIONS BETWEEN STATES, WHICH ARE CHARACTERISTIC OF THE NATURE OF SOCIALISM, ARE EMBODIED MOST COMPLETELY IN THE SOCIALIST COMMUNITY."<sup>1</sup> In the USSR a unified economic organism has already been formed and is functioning. The economy of the other European countries of the socialist community is also being developed comprehensively; national economic complexes are also being formed in Mongolia, Cuba and the SRV. In the Comprehensive Program of Socialist Economic Integration the optimization of the national economic structures of the CEMA member countries with allowance made for the possibilities and needs of the international socialist division of labor is also indicated among its formulated goals.

The accomplishment of the complicated tasks of socialist economic integration requires the considerable stepping up of the scientific research work which is being performed in this connection. With its launching and intensification the specific scientific apparatus of such studies and the system of corresponding concepts and terms--both those being newly formed and the ones which have been derived from those which are already in scientific and practical use, but have been reinterpreted and defined more precisely in connection with the sphere of their use--are acquiring greater and greater importance. Here it should be emphasized that it is a question not of simple formalization, not of the selection of agreed on definitions. What is meant is the attempt at such an interpretation of the conceptual system, which would broaden our possibilities in the extension of the theory and practice of international scientific studies and would make it possible to carry



out more effectively joint elaborations within the framework of international collectives from a general theoretical and methodological standpoint, on the basis of the use of a uniform procedural approach. Such an attempt can have chances for success only when it is based on reliable theoretical ideas about the processes in question, that is, on their thorough comprehensive study and the secure link of theory with practice.

We believe it to be sufficiently clear that when forming a clear and relatively complete terminological conceptual system, which is necessary, in particular, for the analysis of the problems of socialist economic integration, "the national economic complex" (the analogue is "the state economic complex") should be taken as the base ("generic") concept. THE ALL-ROUND COOPERATION OF THE NATIONAL ECONOMIC COMPLEXES OF THE CEMA MEMBER COUNTRIES, IN OUR OPINION, IS THE CONTENT OF SOCIALIST ECONOMIC INTEGRATION, WHILE THE SOCIALIST STATES ARE ITS SUBJECTS. Here the economic systems of the countries of the socialist community act as the object of the influence of the integration process.

The national economic complex as a state-organized and functioning formation appears as a relatively independent participant in international economic relations,<sup>2</sup> it has a quite definite structure and carries out systematically on the territory of a given country the unified reproduction process in the interests of the achievement of the posed socioeconomic tasks. The national economic complexes of the CEMA member countries exercise the rights of the state owner of all the components of the national wealth, including in the system of international economic relations.<sup>3</sup> They have territorial integrity, are independent in the organization of the movement of the national product through all the phases of reproduction, including import-exports relations on the basis of the specialization of the complex, and carry out the systematic regulation of all the types of the national economic structure.

The following BASIC TYPES OF STRUCTURES are usually distinguished in the national economic complex: organizational management, general economic (reproductive), socio-economic, production (sectorial), territorial and foreign trade. The ratios between these structures are manifested in the balance and the specific nature of the functioning of the complex of the given CEMA member countries.

Among the essential characteristics of the national economic complex there are: the economic level, the economic potential, economic independence, economic openness and the status of the complex. The entire set of named attributes is manifested in the system of production relations between the CEMA member countries under the conditions of their economic integration and the implementation of the principles of socialist internationalism.

The national economic complexes of the CEMA member countries are interconnected by the forms and methods of integration cooperation, which is multidimensional in its influence and the material basis of which is the international socialist division of labor. As to the less industrially developed countries--the Socialist Republic of Vietnam, the Republic of Cuba and the Mongolian People's Republic--when accomplishing the tasks of industrialization and the building of the foundations of socialist society, at the same time they form the national economic complexes, improve the national economic structures and change the type of specialization, directing attention to the potentials and needs of their CEMA partners, that is, to the use of the advantages of socialist economic integration. With its extension

the importance of the more and more active and close cooperation of the national economic complexes of the CEMA member countries increases. From this standpoint the raising of the question of the specific forms and directions of their participation as integral economic organisms in the international socialist division of labor, that is, the question of the specialization of the national economic complexes, is legitimate.

Such specialization is a specific form of the involvement of the national economic complexes in the international socialist (or world) division of labor, which is based on the concentration of specific types of economic activity within the framework of the complex. The partially materialized results of specialization in the form of the corresponding products or services are sent to the national economic complexes of the other CEMA member countries owing to the development of the corresponding export specialization. The specialization of the complex is carried out simultaneously on different planes and at different levels of the social division of labor in conformity with the production structure of the complex: on the macrolevel--from the point of view of the sectors of the national economy, on the middle level--from the standpoint of the sectors and subsectors of industry, on the microlevel--with an orientation toward individual types of work, certain items, assemblies, units, parts and stages of the technological process or others.

Specialization serves the goal of increasing the efficiency of social production by the more efficient functioning of all the components of the complex and the optimization of all the types of its structures. Within the framework of the socialist community specialization, as is known, is carried out according to a plan, on the basis of the interstate coordination of its nature, by means of an adequate mechanism of management. The interstate production complexes of the CEMA member countries in the corresponding sectors of physical production or the sectors of the national economic complexes, which unite a number of sectors of this kind, are formed on this basis. Specialization in many ways determines the possibilities of the adaptation of the national economic structures to the conditions of the intensification of cooperation and is becoming the material base of complementarity of the national economic complexes of the CEMA member countries.

The most important indicators of the development of the specialization of the national economic complex<sup>4</sup> of each of the CEMA member countries are its type and the achieved level. The type of specialization of the complex characterizes most completely the basic directions of its involvement in the international division of labor from the point of view of the physical composition (machines and their nomenclatural items, raw materials and their individual types and so on). The type of specialization expresses the specific nature of the involvement of the complex in the international division of labor, which is based on the aspiration for the optimum use of the corresponding combination of national resources (raw materials, fuel, power, capital investments, manpower resources and so on). This most important parameter of specialization is determined by the system of indicators. On the macrolevel they are as follows: the proportion of exports in the total production volume and the proportion of imports in the volume of consumption of similar products, as well as the ratio of the volumes of exports and imports of similar items.

For example, with respect to the commodity group "machines, equipment and means of transportation" in the total volume of the foreign trade turnover (according to the results of 1981) the net exporters are: the national economic complexes of the CSSR

(the ratio of the value of exports to the value of imports, which is taken as 100 percent, comes to 154:100), the GDR (150:100), Poland (139:100), Bulgaria (135:100), Romania (124:100) and Hungary (103:100). In all the above-named countries the national economic complexes have an export type of specialization in the sectors of machine building. All the other CEMA member countries with respect to this group of goods are net importers, including the USSR (49:100). In Mongolia the ratio of the value of exports to the value of imports with respect to this group of goods comes to 0.4:100.

The data for the commodity group "fuel, mineral raw materials, metals" are of considerable interest. Here the national economic complex of the USSR (468:100) is the largest and practically the only net exporter; the national economic complexes of the other CEMA member countries act as net importers: Mongolia (94:100), Romania (59:100), Poland (58:100), Hungary (46:100), the CSSR (42:100) and Bulgaria (33:100).

It is possible to judge the achieved level of specialization of the national economic complexes of the CEMA member countries by comparing the volume of the foreign trade turnover or its individual parts with the amount of the gross national product or the national income. The greater the ratio of the value of exports to the produced national income or the value of imports to the used national income is, the greater the degree of involvement of the national economic complex in the international division of labor is and accordingly the higher the level of its specialization is. Thus, the value of the volume of the foreign trade turnover with respect to the amount of national income in 1981 in the national economic complex of the USSR came to 22.8 percent, the CSSR--76.3 percent; the value of the volume of exports as compared with the produced national income was equal respectively to 11.8 and 38.4 percent, the value of the volume of imports as compared with the used national income--11.7 and 37.8 percent. The ratio between exports and the production volume, imports and the volume of consumption of a specific product can also serve as an indicator of the level of specialization.

In 1981 in the USSR the export quota (the proportion of exports in production), for example, with respect to fuel and energy resources was equal to 16.7 percent, iron ore--14.1 percent, manganese ore--13.0 percent, machine tools and forge and press equipment--8.2 percent, passenger cars--19.1 percent and so on. The proportion of imports in the consumption of fuel and energy resources came to 1 percent, pumps--2.4 percent, leather footwear--9.7 percent, furniture--12.6 percent and so on. The proportion of exports in production in the CSSR with respect to steel pipe was equal to 33 percent, leather footwear--18 percent; the proportion of imports in consumption with respect to bituminous coal came to 17 percent, rolled metal products--6 percent, passenger cars--20 percent and so on.

The natural conditions of the territorial production complex, the achieved economic level of development, the degree of "openness" of the complex and its status with respect to the other subjects of international economic relations form the basis of the specialization of the territorial production complex. Such a statement requires the definition of the concepts indicated here. We will try to give such definitions and to illustrate them using the example of the national economic complex of the CSSR.

The natural conditions of the specialization of the national economic complex include the raw material and energy resources and the environment of the development of production, which is taken in its general sense, including the quantity and quality of the land resources.

Czechoslovakia is among the countries with relatively limited reserves of minerals. These are quite significant resources of bituminous (coking) and brown coal; there are enough timber, construction materials, kaolin and sand (for glass production); there are reserves of magnesite, manganese ore and uranium. The country needs to import a decisive portion of the raw materials which are required for the national economy of the CSSR.

The ECONOMIC LEVEL of the national economic complex determines its basic characteristic. It expresses the achieved level of development of the complex, which in its general form can be expressed by the ratio of the obtained physical result (in its physical or value form) and the number of people employed in physical production.<sup>5</sup> The amount of national income per worker of the sphere of physical production in the CSSR comes to 5,300 rubles (in the USSR--4,800 rubles). In the level of development the CSSR is among the economically developed countries of the world, especially with respect to the achieved degree of industrialization. The CSSR leads the average level for the CEMA member countries in the production of national income or the national product per person by approximately 10-25 percent, although is up to 30-40 percent behind the most developed capitalist countries with respect to this indicator. The CSSR accounts for about 4.8 percent of the total national income of the CEMA member countries, 5.1 percent of the capital investments, 4 percent of the scientific and technical potential, 3.1 percent of the production of energy resources, including 4.5 percent of the mined coal, and 9.2 percent of the total foreign trade turnover.

The economic independence of the national economic complex is a function and at the same time a means of the realization by each complex of its state-detached property. This function is guaranteed by state sovereignty, inviolability of boundaries and the achievement of the goals (interests) of the given national economic complex.

The ECONOMIC OPENNESS OF THE NATIONAL ECONOMIC COMPLEX is a function of the economically independent complex, which is realized by its involvement in the international movement of various factors of production. Specialization is one of the forms of the manifestation of openness as an attribute of the complex and a means of the physical form of its accomplishment. The degree of openness of a complex is determined by the ratio of the extents of domestic and foreign economic relations, as well as by the conditions which influence the specific nature of its involvement in the international socialist (world) division of labor.

Owing to the fact that the national economic complex of the CSSR is a quite developed and at the same time, according to the economic parameters, a small complex, a significant portion of the national income produced by the country is created owing to participation in the international division of labor, first of all within the framework of the socialist community. The sectors of the processing industry predominate in the national economic complex of the CSSR. The proportion of finished items, including the products of machine building, in the exports is considerably greater than their proportion in the imports. Thus, the ratio of exports of goods of the processing industry to their imports in 1981 in the CSSR came to



143:100. A large proportion of machine building products (complete sets of equipment), a comparatively broad range of items, as well as a large proportion of products of the leather, textile and footwear industries and items made of glass and ceramics are typical of Czechoslovak exports. At the same time the excess of the imports over exports with respect to such goods as fuel, agricultural raw materials, iron ore, nonferrous metals and ores is significant.

The STATUS of the national economic complex with respect to other subjects of international economic relations is determined by the place of the given complex in the economic system of the CEMA member countries, in the all-European and world economy.

The structure of the national economic complex is among its most important attributes, which are of great importance for its interaction with other subjects of international relations.<sup>6</sup> The production (sectorial) and foreign trade structures<sup>7</sup> are the basic types of the structure of the national economic complex in this respect. It should be diversified and at the same time capable of specialization. During 1951-1981 progressive changes of the structure occurred in the national economic complexes of the European CEMA member countries. Whereas in 1951 Bulgaria had the lowest proportion of group A in the gross industrial output (38.2 percent), while the USSR had the greatest (68.8 percent), in 1981 the minimum value of this indicator for the indicated countries came to 63.5 percent (Poland). In 1950 the share of industry in the produced national income was more than 50 percent only in the USSR (57.5 percent) and the CSSR (62.5 percent), while in 1981 it was more than 50 percent in all the European CEMA member countries, except for Hungary, where this indicator came to 49.2 percent. In 1981 machine building and the chemical industry in the named countries provided from 31 percent (in Bulgaria) to 44 percent (in Hungary) of the volume of the gross industrial output. All this attests that the national economic structures of the European CEMA member countries have acquired clearly expressed industrial traits. In the process of the structural reorganization of the national economic complexes the less industrially developed countries derived the greatest "structural" impact. It was realized both within the framework of the intrastate division of labor and through the channels of foreign trade.

The present stage of the full-scale building of socialism and communism, as the materials of the congresses of the Communist and Workers Parties which were held in 1979-1982 attest, posed the tasks of the acceleration of the development and the increase of the efficiency of the economy and the changover to primarily intensive methods of management. The successful accomplishment of these tasks requires the more complete use of the advantages of the integration methods and forms of co-operation within CEMA, the increase of the concentration of production up to the optimum amounts, the improvement of the intra- and intersectorial proportions and so on. The mutual coordination of the type of specialization of the national economic complexes of the CEMA member countries in case of the coordination of their economic policy in the area of the improvement of the formed national economic structures is one of the means of accomplishing socioeconomic tasks.

The measures on the coordination of economic policy by the CEMA member countries on a multilateral basis are still not being systematically elaborated and implemented. However, such a possibility is provided for when drafting the long-term goal programs of cooperation in the key sectors of the national economy and bilateral long-term programs of the specialization and cooperation of production up to 1990. Individual measures on the making of structural changes are being implemented within



the framework of the coordination of the state plans of the development of the national economy for a 5-year period,<sup>3</sup> as a result of the fulfillment of the agreements on the international specialization and cooperation of production (at present about 1,300 such bilateral and multilateral agreements are in effect), on the basis of the joint construction of large national economic facilities and so on.

The holding of consultations on urgent problems of economic, scientific and technical policy is an important form of the elaboration and coordination of the measures in question. Such consultations were held by the representatives of the CEMA member countries in the Executive Committee of the council at its 93d meeting (January 1980).

The measures of the coordinated economic policy<sup>9</sup> in the named area are being materialized by the adaptation of the structures of the national economic complexes of the CEMA member countries<sup>10</sup> and their complementarity.

The process of the adaptation of national economic structures is manifested in the gradual steady interstate coordination of the "output" parameters of the national state processes of reproduction, especially in that part which is the content of the integration process: coordinated planning activity, coordinated or joint investment activity, joint or coordinated scientific research and planning and design developments, all the forms of the direct cooperation of labor, including the cooperation of the national economic complexes of the CEMA member countries, reciprocal foreign trade and so on. The adaptation of national economic structures is a specific form of the complementarity of the national economic complexes.<sup>11</sup>

Complementarity is hastened by the elaboration and implementation of measures of the economic policy of the countries of the socialist community on the coordinated improvement of the national economic structures. This process is manifested in the emergence and the need for the support of interstate proportions (in physical and value forms) and in the gradual formation of interstate production complexes of an intersectorial and intrasectorial nature and of the interstate economic complex of the CEMA member countries.

The interstate economic proportions of the CEMA member countries are the ratios of the agreed on balance and the dynamic equilibrium, which are maintained between the various factors of the production process. The formed and reproducible ratios, for example: between the iron ore base of the USSR and the ferrous metallurgy of the European CEMA member countries, between the petroleum- and gas-producing sectors of industry of the USSR and the corresponding sectors of the chemical industry of the majority of CEMA member countries, between light industry of the USSR and the wood processing industry of Bulgaria, between the production of buses in Hungary and their use in a number of CEMA member countries and so on, are an example of proportions of this kind.

The stability of the proportions in the sectors of the national economy is conducive to the functioning of the interstate production complexes of the interested CEMA member countries.<sup>12</sup> The interstate production complex of the CEMA member countries is a quite specific set of systematically operating, jointly organized and interconnected works of the national economic complexes of a number of countries in some branches (sectors) or others of the national economy. The interstate production complex has a number of distinctive properties: close and stable

cooperative relations of an economic, scientific, technical and technological nature between its national state production units; the realization of the advantages of optimum large-scale production; stable interrelations along the line of "production--consumption."

Such a complex is a specific form of the specialization of the national economic complexes of the CEMA member countries, the type of which has been approved in accordance with a unified program. They are created on the basis of the assurance of the mutual advantage of the countries and function by means of joint planning activity. The production units--the components of the interstate production complex of the interested CEMA member countries--belong entirely to the latter and operate on the basis of the preservation and increase of national state property. The products of such production units are intended primarily for the meeting of the needs of all the participants in the complex. The interstate production complexes of the CEMA member countries are being formed in the key sectors of the national economy in conformity with the long-term goal programs of cooperation. The creation of interstate production complexes in a sufficiently complete form is a matter of the future. Nevertheless, their functioning at the stage of formation is an important peculiarity of the present model of the cooperation of the national economic complexes of the CEMA member countries and a characteristic trait of the economic system of the socialist community, which has been formed and is being improved. In the future the production complexes will become a component of the interstate economic complex of the CEMA member countries, but even now they are an important specific form of the process of its formation.

At present the following interstate production complexes of the interested CEMA member countries are being formed, of course, with a different degree of intensity: the fuel and energy, the mineral raw material, the metallurgical, the machine building, the agro-industrial, the chemical, the complex of sectors which produce consumer items, and others. The formation of each of these complexes has its own prerequisites; the peculiarities of their functioning are exemplified by the different conditions which are characteristic of the different sectors of the national economy.<sup>13</sup>

The CEMA member countries in the early 1980's met by means of reciprocal trade about 99 percent of the import needs for natural gas, 95 percent of the needs for bituminous coal, 75 percent of the needs for petroleum and petroleum products, 70 percent of the needs for iron ore and nonferrous metals, 68 percent of the needs for machines and equipment, 60 percent of the needs for consumers goods and so on. These figures are especially significant as reciprocal trade accounted for approximately 54 percent of the total volume of the foreign trade turnover of these countries.

The creation and development of the interstate production complexes of the CEMA member countries, the increase of their role in individual states and the socialist community as a whole, the subsequent unification of these complexes--all this will govern and will ready materially the emergence of the interstate economic complex of the interested CEMA member countries. It will be a relatively complete production management system, which encompasses all the phases of expanded reproduction and which will be formed gradually, over a quite long time, owing to the increase of the intensity of the production management interrelations between the state national economic complexes and to the extension of the cooperation between them.

The basic means of the formation of interstate economic complexes at the present stage are the division of labor, which is being integrated in a socialist manner, the efficient specialization of the national economic complexes of individual countries and intensive cooperation between them. Such a complex, the individual components of which are now already in the process of formation, is characterized by its position in the world economy (in the economy of the European continent), by the level of involvement in the world division of labor, by the activeness of participation in the latter and by the stability of its positions on the world market.

The prospects of the development of the national economic complexes of the CEMA member countries are connected with the rationalization of all the types of their structure, with the optimization of specialization and the increase of the effectiveness of cooperation. Here the importance of the reorganization of the middle structures and macrostructures, which has been economically substantiated and coordinated on the interstate level, is increasing. An important role here belongs to the type of specialization of the national economic complex, which should be oriented toward the combining of its structure-determining and impact-forming functions. The intensification of the cooperation of the national economic complexes will serve the accomplishment of the tasks of economic growth and on this basis the further increase of the well-being of the working people of all the fraternal countries.

#### FOOTNOTES

1. "O 60-y godovshchine obrazovaniya Soyuza Sovetskikh Sotsialisticheskikh Respublik. Postanovleniye TsK KPSS ot 19 fevralya 1982 goda" [On the 60th Anniversary of the Formation of the Union of Soviet Socialist Republics. Decree of the CPSU Central Committee of 19 February 1982], Moscow, 1982, pp 8, 20.
2. S. I. Nizhnyaya and V. M. Shastitko define international socialist production relations "as the relations between the state-organized socialist national economic complexes with regard to the production, exchange and use of specific material goods in connection with the effect of the international conditions of their movement" (S. I. Nizhnyaya, V. M. Shastitko, "International Production Relations: Some General Concepts and Problems," "Sotsialisticheskiye mezhdunarodnyye proizvodstvennyye otnosheniya" [Socialist International Production Relations], Moscow, 1979, p 34).
3. Yu. S. Shiryayev writes: "The state-organized national economic complex is the general subject of socialist international (as any other) relations..." (Yu. S. Shiryayev, "Sotsialisticheskaya integratsiya i mezhdunarodnoye razdeleniye truda" [Socialist Integration and the International Division of Labor], Moscow, 1978, p 40).
4. When characterizing the specialization of the national economic complex the sectors of the national economy (the systems of its interconnected sectors), large sectors and subsectors from the standpoint of the assurance of the optimum involvement of the complex in the international division of labor for the purpose of achieving a greater national economic efficiency are regarded as the subject of the analysis.

5. The economic potential, which it is possible to determine by means of such aggregated indicators as the national wealth, the national income and the gross national product, is a substantial addition to the named indicator of the national economic complex, especially from the point of view of its quantitative characterization. Thus, in 1981 the amount of produced national income in the CSSR was equal to 451.8 billion korunas, which exceeds by 1.6-fold the corresponding indicator of 1970.
6. The structure of the national economic complex is a quite specific arrangement of the national economy, which is based on the division of national labor and finds expression in the composition (set), proportions, in the relations of the subordination and cosubordination of production management ties between individual, relatively detached subdivisions of social production, including the management units of different levels.
7. The production (sectorial) structure is the formed proportions in the distribution of labor among the subdivisions of social production. The foreign trade structure is the value (or physical) proportions between the different commodity groups or the commodity line items within groups of goods, which are calculated with respect to the total volume of exports, imports and the foreign trade turnover.
8. The interrelationship between the coordination of economic policy and the coordination of plans was indicated at the past congresses of the Communist and Workers Parties of the CEMA member countries. Thus, in the Accountability Report of the CPSU Central Committee to the 26th party congress it was stressed: "Life itself is posing the task to supplement the coordination of plans with the coordination of economic policy as a whole" ("Materialy XXVI s"yezda KPSS" [Materials of the 26th CPSU Congress], Moscow, 1981, p 8).
9. Within the framework of such a policy it would be possible to settle the questions of the refusal to produce obsolete products and to assimilate extremely scarce products, the basic directions of the development of the structure-forming sectors of industry, the implementation (coordinated or joint) of investment programs on a wide range of products, the creation of export bases and so on.
10. The adaptation of national economic structures is the process of mutual adaptation, which under present conditions encompasses mainly the production (sectorial) and foreign trade types of structures of the national economic complexes of the interested CEMA member countries, which are participating in the elaboration and implementation of the coordinated economic policy of the improvement of the structures of their complexes.
11. The complementarity of the national economic complexes of the interested CEMA member countries is the most characteristic trait of the process of international socialist economic integration, which finds expression in the increasing interconnection of the processes of the expanded reproduction of the complexes of the CEMA member countries, which is developing in proportion to the intensification of integration.



12. "Along with the comprehensive development of the national economy of each country," it is stated in "The Basic Principles of the International Socialist Division of Labor," "the international socialist division of labor promotes the formation of production complexes with the participation of several socialist countries" ("Osnovnyye dokumenty Soveta Ekonomicheskoy Vzaimopomoshchi" [Basic Documents of the Council for Mutual Economic Assistance], Vol 2, Moscow, 1977, p 35).
13. These problems were examined in more detail in the article: I. V. Dudinskiy, B. G. Dyakin, "Problems of the Formation of the Interstate Production Complexes of the CEMA Member Countries," IZVESTIYA AN SSSR, SERIYA EKONOMICHESKAYA, No 3, 1982, pp 92-106.

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INTERNATIONAL INVESTMENT BANK PROJECTS LISTED

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 10,  
Oct 83 pp 65-70

[Article by Al'bert Belichenko, board chairman of the International Investment Bank: "On Effectiveness of International Investment Bank [MIB] Credits in Developing Production of Bank Member-Countries']

[Text] The International Investment Bank--a credit organization of the socialist countries, which was established in accordance with recommendations of the 23d special (April 1969) and the 24th (May 1970) meetings of the session of the Council for Mutual Economic Assistance. It implements long-term and intermediate term extensions of credit for capital investments, first of all, in projects linked with the development of economic cooperation of CEMA member-countries.

With the formation of the International Investment Bank an opportunity was created for concentrating resources of the CEMA member-countries with the purpose of using them in a coordinated and more effective manner, as provided by the complex program, and developing on this basis a system of credit extension for large-scale investment programs.

In accordance with the complex program, bank member-countries have ensured organizational conditions in the currency-financial sphere, which are necessary for implementing the tasks facing the International Investment Bank, and allotted it currency means. The bank's statutory capital is 1,071.3 million transferable rubles and its paid for part with the reserve capital is 474.7 million transferable rubles, including 156.1 million transferable rubles in convertible currency.

Bank credits have been given for the construction of projects, which meet the collective interests of member-countries of the International Investment Bank, the aims of international socialist division of labor and specialization and cooperation of production and other tasks which are provided for the complex program and the agreement on founding the bank and its statutes.

The basic amount of credits of the International Investment Bank was used for developing the fuel and power, metallurgical, machine building, electrical engineering, electronic and chemical industries and other sectors of national economy of CEMA member-countries, which determine the scientific-technical progress.

During 12 years (1971-82) of its activity, the International Investment Bank accepted for extending credit to 83 projects valued at more than 3.5 billion transferable rubles. Some of them in convertible currency. Bank credits are used by CEMA member countries as well as by the Interatominstrument, an international economic organization of these countries, and the SFRY. The estimated value of projects accepted for credit extension amounts to nearly 10 billion transferable rubles.

The largest contribution by the International Investment Bank, which basically determined its activity during the 1975-79 period, was the development of the Orenburgskiy gas condensate deposit and the construction of the Soyuz (Orenburg-western border of the USSR) gas main, which was constructed in accordance with the coordinated plan for multilateral integrated measures of CEMA member-countries for 1976-80. Uninterrupted extension of credits by the bank for the construction of a complex of projects of the gas pipeline has contributed to their completion within the planned periods. Since 1980, 15.5 billion m<sup>3</sup> of gas has begun to be supplied annually via the Soyuz gas pipeline to countries that participated in construction, which contributes to the development of some sectors of the national economy and to improvement of the fuel and power balance of the People's Republic of Bulgaria [NRB], the Hungarian People's Republic [VNR], the GDR, the Polish People's Republic [PNR], the Socialist Republic of Romania [SRR] and the CSSR.

One of the most important sectors of the industry, for which the International Investment Bank extended credits, is machine building. Among the projects of this sector for which the bank has extended credits are such as the people's enterprise of Fortshritt-Landmashiner (Neustadt the GDR), which turns out agricultural machines (grain and silage combines, self-propelled reapers and pick-up balers); the Umformtechnik combine (Erfurt the GDR), which produces heavy press and press-forging equipment and supplies its goods to more than 50 countries in the world; the (Gants-Mavag) plant (the Hungarian People's Republic), which produces equipment for AESs as well as various metal structures that are used in transport machine building; and the Machine Tool Building Combine imeni 7 October (the GDR), which produces metal-cutting machine tools and completing lines, approximately 95 percent of whose assortment is destined to be supplied as specialized equipment to CEMA member-countries.

Bearing in mind that transportation and modification of its technical means exert substantial influence on intensification of social production, the International Investment Bank extended credits to CEMA member-countries for technical reconstruction of the transportation system and introduction of more improved technological processes in cargo processing.

The bank has extended credits for the reconstruction and modernization of such well-known enterprises as the Tatra (the CSSR), the Icarus (the Hungarian People's Republic), transport machine building plants in the People's Republic of Bulgaria which produce diesel forklift trucks and motor cars and the Avtobus plant in the Socialist Republic of Romania.

With credits from the bank the Socialist Republic of Romania has carried out construction of the railway freight car plant in the city of Caracal and a

railcar brake equipment shop in the city of Buzau and expansion and modernization of the wheel sets plant in the city of Bals and the railway freight car plant in the city of Arad, which supply products to CEMA member-countries.

Hungary has received credits from the International Investment Bank for modernization and electrification of international route railway lines. This has made it possible to raise traffic capacity and increase the volume of export-import and through haulage, and conversion to electric traction has resulted in considerable saving in the expenditure of diesel fuel and reduction of its importation.

Credit extension is being currently continued for modernization and electrification of railway lines in the Hungarian People's Republic, on which automatic blocking systems, second tracks and two-track inserts are being created, and also for development of the Zahony transshipment region. The bank has also extended credit to the People's Republic of Bulgaria for construction of the Sofia-Burgas-Varna-Sofia high-speed circumferential highway with an overall length of 876 km, which is of great significance for international and internal cargo transportation and international tourism.

With credits extended by the International Investment Bank, construction and modernization of seven chemical industry enterprises is being carried out, including construction in the CSSR of a new plant to produce TsD antioxidant at the Duslo Sala combine and construction and modernization in the Socialist Republic of Romania of plants to produce polyisoprene rubber in Borsec, "Melana" polyacrylonitrile fiber in (Sevinesht) and caustic soda and chlorine derivatives in the city of Gheorghe.

The bank has also extended credit for some projects in other sectors of the national economy--sugar mills in the Republic of Cuba and textile and knitted goods enterprise in the People's Republic of Bulgaria, the Hungarian People's Republic, the Mongolian People's Republic [MNR], the Polish People's Republic and other countries.

Bank credits, which are directed at creation and modernization of projects, help countries to solve the most important integrational tasks envisaged in their national economic plans, to raise the scientific-technical and economic potential and to develop specialization and cooperation of production.

Individual enterprises of CEMA member-countries, which are of important integrational significance, have also repeatedly used credits of the International Investment Bank. Thus, the Umformtechnik combine has been extended credit for the third time for increasing the capacity in production of pressing equipment and equipment for the processing of plastic and the Icarus Body and Motor Vehicle Plant (Budapest, the Hungarian People's Republic) as well as the Fortschritt-Landmaschinen combine are using second credit extended by the International Investment Bank for expanding production of modern buses and agricultural equipment within the framework of agreements on specialization and cooperation of production. Four credits to finance integrational projects in the field of transportation were extended to the Hungarian state railways. Four

credits were also extended to the state Transport Machine Building Economic Association (the People's Republic of Bulgaria). The planned investments are earmarked, first of all, for expanding and improving goods production for ensuring requirements of the CEMA member-countries in forklift trucks during the 1983-90 period, storage batteries, diesel engines and steering gear.

Modernization and increasing production capacity of the Tatra plant in the city of Kopřivnice (the CSSR) has been completed. The enterprise has done extensive work to improve the quality of production. In 1982, production was begun of new model Tatra-815 trucks, which are produced in 36 modifications and correspond to world models as regards their quality. They are equipped with more powerful engines of extended durability, which reduces expenditures for spare parts by 43 percent.

During modernization of the Icarus Body and Motor Vehicle Plant, a number of measures are being introduced along with increasing the production capacity as a result of which it is planned to extend the service life of the buses being produced. The capital investments, which are being implemented, are a prerequisite for a change to producing buses of a new standardized design, which is being developed by the plant jointly with enterprises of the USSR.

As a result of the newly created capacities at the Duslo Sala chemical combine (the CSSR), importing of TsD antioxidant from the capitalist countries will be reduced by 11,000 t a year.

Products of the state Balkankar -Transport Machine Building Economic Association (the People's Republic of Bulgaria) are exported to 65 countries in the world. During the 1981-85 period, it is planned to produce 293 new and improved kinds of production. Among them are also diesel forklift trucks of a new type, which are being produced at the Rekord combine in the city of Plovdiv, credits for which were extended by the International Investment Bank. The diesel forklift trucks of the new type correspond as regards their quality characteristics to similar forklift trucks of leading manufacturers in the world market. The successes in the activity of the state Balkankar -Transport Machine Building Economic Association [GKhO] were noted by awarding to it in 1981 of the International "Zolotoy Mercuriy" [Golden Mercury] Prize and in 1982 of the International Export Prize.

Some borrowers of the International Investment Bank were awarded gold medals at international fairs for high scientific-technical level. Thus, at the Leipzig spring fair in 1982 and 1983 gold medals were awarded to 15 types of products of the Umformtechnik and Fortschritt-Landmaschinen combines, which produce high-quality and productive agricultural and processing machines, as well as to the Heavy Machine Building Combine imeni E. Thalmann and the Machine Tool Building Combine imeni 7 October.

Characteristic of the projects to which credits are extended by the International Investment Bank are the high economic efficiency, the high production technology and the level of automation and mechanization, which correspond to the contemporary requirements of scientific-technical progress, and the fact that the pay-off periods for the construction of these projects are shorter than the normative ones in corresponding sectors of industry of the bank member-countries.



The bank devotes special attention to the quality of products being produced at projects to which credit was extended, particularly their correspondence to standards adopted in the world market and availability of certification as to the highest degree of quality as well as to the possibility of reducing imports of goods to CEMA member-countries from the capitalist countries.

The high level of scientific-technical work performed by enterprises of the borrowers is testified to by the great demand which is enjoyed by products of the projects to which credits were extended by the bank and which is expressed in the great share of exports from the projects.

Currently, 56 of the 83 projects to which credits were extended are in operation. During the 1972-82 period, the projects to which the International Investment Bank extended credit exported products valued at 15 billion transferable rubles to CEMA member-countries which contributes to the expansion of mutual goods turnover of the International Investment Bank's member-countries.

The projects to which credit was extended have supplied to interested bank member-countries nearly 55 billion m<sup>3</sup> of natural gas, over 140,000 motor vehicles of large carrying capacity and high cross-country ability and buses for intracity, international and intercity transportation, 38,000 passenger and freight railcars valued at nearly 830 million transferable rubles, heavy highly productive presses and press equipment valued at 850 million transferable rubles, 11,000 grain harvesting combines, 26,000 self-propelled and silage combines, 29,000 self-propelled windrow reapers-crushers, 40,500 pick-up balers and a large number of dryers and fodder pelleting equipment.

The export of products of the chemical and rubber-asbestos industry to bank member-countries totaled 327 million transferable rubles, including 100,000 t of polyisoprene rubber, 31,000 t of polyacrylonitrile fiber, more than 155,000 t of marine paint and varnish products and caustic soda and chlorine derivatives valued at 58 million transferable rubles.

Products of the textile and knitted goods industry valued at 290 million transferable rubles were exported. The projects, to which the International Investment Bank extended credit, beginning in 1982, supplied nearly 75,000 t of raw sugar valued at approximately 40 million transferable rubles. Bulgaria sold to other countries some 138 million faience tiles valued at 11 million transferable rubles.

Export obligations, which were assumed by borrowers in credit agreements, are being fulfilled and overfulfilled for the majority of projects. Thus, in the 1972-82 period the projects additionally supplied to bank member-countries products valued at nearly 1 billion transferable rubles, including press equipment, metal-cutting machines tools, agricultural and processing machines, printing machines and products of the chemical, rubber and food industries.

Experience proves that the International Investment Bank renders assistance to countries in solving tasks of currency-financial ensurance of joint integrational measures by coordinating its current and long-range work with the planned activity of bank member-countries.



The policy in the field of capital investments that is being pursued in the bank member countries is directed at raising their effectiveness, reducing imports from the capitalist countries and increasing export of production. In this connection the International Investment Bank devotes great attention to modernization and reconstruction of enterprises which are already in operation, which makes it possible to achieve a high economic effect with least expenditures.

The International Investment Bank also attaches special significance to questions of working out prospects for developing credit activity in transferable rubles. With these aims in view the bank participated in coordinating national economic plans of CEMA member-countries for 1981-85 and in preparing long-term directed programs of cooperation and a coordinated plan of many-sided integrational measures. In this case the International Investment Bank participated in the activity of corresponding CEMA organs on a multilateral basis, being guided by the provisions of the program for conducting work in coordinating national economic plans of CEMA member-countries for 1981-85, the resolution of the 84th meeting of the CEMA Executive Committee (February 1978) and the decisions of the Council of the International Investment Bank. The purpose of such participation by the bank and representatives of competent organs of countries in the Council of the International Investment Bank was selection of possible projects for extending credit in 1981-85 and coordination of supplying them with necessary machines, equipment and materials.

As a result of the conducted work, the Council of the International Investment Bank has approved a preliminary list of possible projects for extending credit during these years. All projects, which were included in the preliminary list, are linked with the measures ensuing from the DTSPS [Long Term Target Specialization Program] and are directed at realization of agreements on specialization and cooperation of production. This corresponds to the basic directions for the development of the bank's credit activity for 1981-85, which were adopted by the Council of the International Investment Bank.

In the course of coordination of plans, the International Investment Bank participated in preparing general organizational-methodical provisions, forms and indicators of the coordinated plan for many-sided integrational measures of CEMA member-countries for 1981-85. On a proposal of the bank this important document specially reflects the basic data on credits of the International Investment Bank for projects, which are included in the coordinated plan for 1981-85. Currently, the International Investment Bank is extending credit to 10 such projects.

The bank is interested in extending credit to these projects and continues to study specific measures that are being examined in CEMA organs on a multilateral basis and also jointly with corresponding competent organs of countries and are aimed at cooperation for the purpose of selecting other possible projects for extending credit during the current five-year plan. Specifically, measures are being studied in connection with comprehensive production and processing of citrus in the Republic of Cuba, specialization and cooperation in production of industrial robots and development and broad utilization in the national economy of CEMA member-countries of microprocessing engineering for 1983-90.

Special attention will be devoted to determining the possibility of participation by the International Investment Bank in extending credit for investment measures that are included in the list of problems of economic cooperation which are coordinated on a multilateral basis for 1986-1990 and for a more longer period in coordination with scientific-technical cooperation as well as to comprehensive measures aimed at improving supply of foodstuffs to the population of CEMA member-countries.

The decisions and recommendations adopted by CEMA organs and the Council of the International Investment Bank have created organizational prerequisites for improving work in coordinating supplies to projects for which the bank has extended credit.

Despite certain objective circumstances, which restrain the development of credit activity of the International Investment Bank in transferable rubles, the bank is adopting measures aimed at more effective participation in currency-financial ensurance of integrational measures, which are included in long-term directed cooperation programs, including agricultural and food industry projects.

During its participation in coordination of national economic plans for 1986-90 and also during selection of possible projects for extending credit until the end of the current five-year plan, the bank will strive so that possible projects for extension of credit will be selected, first of all, from among those which are of most important integrational significance and will contribute to reducing the import dependency on the capitalist countries and projects ensuing from the DTsPS and SPMIM [not further identified], for the construction of which an agreement to supply specific batches of material values is ensured in the course of plan coordination and for the financing of which it would be expedient to create special funds of interested bank member-countries in the International Investment Bank.

Measures, which are related to the bank and connected with coordination by the interested countries of the economic policy as a whole, must also be reflected in this work. This is the reason why it is necessary to strengthen coordination of the bank's work on a multilateral basis with CEMA organs and with the work in member-countries of the International Investment Bank as regards selection of possible projects for extension of credit in the future. Carrying out these measures will ensure further raising of effectiveness of credits of the International Investment Bank in developing economy of bank member-countries.

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## USSR-CEMA TRADE

### MEETING COMMEMORATES 5TH ANNIVERSARY OF SOVIET-VIETNAMESE TRADE AGREEMENT

Minsk SEL'SKAYA GAZETA in Russian 28 Oct 83 p 3

[Text] A meeting of worker representatives, which was held in Minsk on 27 October, was devoted to the fifth anniversary of the Treaty of Friendship and Cooperation between the USSR and the Socialist Republic of Vietnam.

The speaker -- A. Ye. Andreyev, chairman of the Belorussian department of the Soviet-Vietnamese Friendship Society and the Belorussian SSR minister of motor transportation -- pointed out that Soviet-Vietnamese relations are expanding from year to year and are acquiring an ever more multifaceted nature. They are a clear example of truly fraternal bonds at whose basis has been placed the firm principles of Marxism-Leninism and socialist internationalism. The workers of Belorussia are also making their contribution to the expansion of these bonds.

Chan Dyk Lyung, the leader of a delegation from the Vietnamese-Soviet Friendship Society that was visiting the republic's capital, a candidate member of the Vietnamese Communist Party Central Committee and the chief of the Main Geological Administration of the Socialist Republic of Vietnam, spoke during the meeting. He stated that socialist Vietnam has experienced the comprehensive and unselfish support and help of the USSR from the first days of its existence. It was also this way during the years of the liberation war against the French colonial forces and during the heroic resistance to the aggression of American imperialism. After the victory, the solidarity of the Soviet Union was embodied in help to restore the destroyed national economy and in every possible type of support for the Socialist Republic of Vietnam in the international arena.

Chan Dyk L'yung said: "A great honor has befallen me -- on instructions of the Permanent Committee of the Vietnamese Socialist Republic's National Assembly, to deliver Orders of Friendship of the Socialist Republic of Vietnam to the Belorussian department of the Soviet-Vietnamese Friendship Society and to its board chairman, A. Ye. Andreyev."

The director of the Vietnamese delegation handed over the high awards to the accompaniment of hearty applause by those present.

Those, who spoke during the meeting, expressed gratitude to the government of the Socialist Republic of Vietnam for its high rating of the contribution by the activists of the Belorussian department of the Soviet-Vietnamese Friendship Society in developing fraternal bonds between our peoples.

A. T. Kaz'min, secretary of the Belorussian Communist Party Central Committee; D. A. Danilov, deputy chairman of the Belorussian SSR Council of Ministers; Ye. P. Chagina, secretary of the Belorussian SSR Supreme Soviet Presidium; representatives of party, soviet and public organizations; directors of the republic's ministries and departments; and members of the Vietnamese delegation -- Kha Khok Chak, rector of Hanoi's polytechnic school; Z'yung Van Tkhan', a counselor of the Vietnamese Socialist Republic's embassy in the USSR; and La Van Nyan, an official of the Vietnamese-Soviet Friendship Society -- participated in the meeting. P. Yakobs, the GDR general consul in Minsk, and A. S'veykovski, a consul in the Polish People's Republic's consulate in Minsk, were also present at the meeting.

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## BRIEFS

**CEMA AND FOOD PROGRAM--** The fulfillment of the Food Program in the USSR assumes widespread cooperation with the socialist countries, especially with the CEMA member countries. The USSR's partners are receiving an opportunity based on large-scale orders to use the existing potential of their agricultural machinery industrial enterprises more rationally. During the current five-year plan, deliveries of agricultural equipment from the CEMA countries to the USSR will exceed the level of the previous five-year plan 1.4-fold, and deliveries of equipment for the food delicacy industry -- 1.6-fold. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 10, Oct 83 p 49] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1983] 8802

**CEMA FOOD EQUIPMENT DELIVERIES--** Prior to 1985, Bulgaria will deliver 90 lines for processing and drying fruit, for processing kidney beans, and for producing compotes and canned goods from peeled tomatoes to the USSR. Hungary will deliver 20 sets of equipment for vegetable warehouses and about 30 lines for poultry raising needs. The GDR and Czechoslovakia will supply more than 100 lines for the production of different types of sausages. In addition, Czechoslovakia will supply the USSR with equipment for 42 enterprises for the production of mineral fertilizers and for 14 plants for the production of formula feed. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 10, Oct 83 p 49] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1983] 8802

**HUNGARIAN MACHINEBUILDING EXPANSION --** Cooperation between Hungarian enterprises and the enterprises of the socialist countries is developing very rapidly in machine building. The subcontracting of the production of light "Lada" automobiles continues to expand. A modern assembly line will start operating in the Vesprenskiy "Bakon'" Combine this year. According to projected plans, 500,000 speed switches for the "Lada-2108" series automobiles will be produced annually. When the reconstruction that has been begun is completed, all four units, which are being produced within the framework of Hungarian-Soviet cooperation in the production of automobiles (windshield wipers, signaling equipment, ignitions, and ignition switches), will be produced using modern equipment. The "Automatika-MMG" combine will deliver several hundred thousand instrument panels for the different types of "Lada" automobiles this year. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 10, Oct 83 p 49] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1983] 8802



HUNGARIAN-YUGOSLAV COOPERATION -- The expansion of capacities in an Hungarian enterprise has permitted production cooperation to be adjusted with the Yugoslav "Zastava" automobile plant. Within the framework of this cooperation, the Hungarian enterprise will manufacture complete instrument panels for two-three types of "Zastava" automobiles. The production volume will gradually increase from 5,000 complete sets in 1982 to 30,000 instrument panels this year. The Yugoslav side will deliver finished automobiles for these units. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 10, Oct 83 p 49] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1983] 8802

GDR-CZECHOSLOVAK TEXTILE COOPERATION -- The combining of modern GDR textile equipment with the latest pneumatic mechanical spinning machines from the Czechoslovak Socialist Republic has been carried out in an enterprise in the city of Weistal, which is related to the cotton spinning factory in Mittweida. Jointly created by the TEKSTIMA and "Baumvolle" combines, the experimental industrial assembly has undergone testing. A significant increase in production output was achieved. In comparison with the former equipment, the amount of produced yarn was increased by 45-60 percent depending on the raw material being used and the variety being manufactured. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 10, Oct 83 p 49] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1983] 8802

USSR FOREIGN TRADE -- During the first half of 1983, the foreign trade of the USSR expressed in current prices increased by 6.8 percent when compared with the same period of last year and reached 64.4 billion rubles. Exports grew by 9.7 percent and imports by 3.9 percent, reaching 32.8 billion and 31.6 billion rubles respectively. At the present time, the USSR is trading with 143 countries. Just as before, the largest percentage of the Soviet Union's foreign trade during the period being reviewed was with the socialist countries -- 56.1 percent -- of these, 51.7 percent was with the CEMA member countries. The percentage with the industrially developed capitalist countries was 30.3 percent and with the developing countries -- 13.6 percent. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 10, Oct 83 p 49] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1983] 8802

USSR-CEMA TRADE-- The largest growth in trade was achieved with the CEMA member countries -- 11.7 percent. In its trade and economic relations with these countries, the Soviet Union is devoting its main attention to the realization of a vast complex of integrated economic measures and to the concentration of forces on the new directions in scientific and technical cooperation, including such ones as the creation of energy, material and labor saving equipment and automation systems based on the latest scientific achievements. [Text] [Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 10, Oct 83 p 49] [COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1983] 8802

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## USSR-EAST EUROPE BILATERAL TRADE

### USSR-GDR TRADE RELATIONS DETAILED

Moscow EKONOMICHESKAYA GAZETA in Russian No 41, Oct 83 p 20

[Article by P. Ryzhkov: "USSR-GDR: INTERACTION FOR THE GOOD OF THE PEOPLES"]

[Text] On the 34th anniversary of the founding of the German Democratic Republic, which is celebrated on 7 October, the Soviet people expressed their special satisfaction with the truly fraternal climate surrounding relations between our nations. Economic cooperation is being actively developed. Shipments of fuel and raw materials of vital importance to the GDR, as well as many types of machinery and equipment, from the USSR are increasing each year. The GDR, in turn, is increasing its shipments of various types of metal-working equipment to our country, including equipment for light industry enterprises. New forms of cooperation are being developed.

Interaction for purposes of more successfully fulfilling the social programs established by congresses of the fraternal parties of the two nations has occupied an important place, especially in recent years, in the broad range of production, scientific and technological ties between the USSR and the GDR. Special efforts are being focused on the resolution of the most urgent problems involved in expanding the production of high-quality consumer goods and developing the production of modern machinery, equipment and materials essential for the manufacture of these goods.

The technical reequipment of operating production capacities and the creation of new capacities in many cases, using modern equipment and technology, mechanization and automation means, have become a crucial factor in the achievement of these goals.

#### Production Cooperation

A system of measures for the technical reequipment and the creation of capacities at more than 110 installations in the Soviet Union is being implemented with the participation of the GDR in light industry and other branches producing consumer goods. As an example, a large factory for the production of sewing thread will be built and placed into operation in the city of Ungeny in the Moldavian SSR by 1986. It will have an annual capacity of 400 million standard spools of high-quality polyester staple significantly superior to cotton thread. Series production of the fundamentally new TMM-360 multiple-shed loom, jointly developed by

specialists of the USSR and the GDR, is being set up with the highest standards and with cooperation in the manufacture of the separate assemblies. As a result, light industry in both nations will gain highly productive equipment making it possible to increase labor productivity in the weaving industry by 1.5- to 2-fold, with a simultaneous 40-percent reduction in specific energy consumption and improved working conditions.

The basic reconstruction of the Podol'sk Home Sewing Machine Plant in the USSR and a similar plant in the city of Wittenberg in the GDR is a large cooperative project. It is planned to master the production of new sewing machine models within a short period of time--less than 3 years--with an increase in production to 2 million machines annually at the Podol'sk plant. This will make the enterprise the world's largest producer of such machines. The production of sewing machines at the plant in Wittenberg will also increase significantly.

The technical reequipping of nine sewn goods factories in the USSR, which is to be carried out over a 3-year period, is planned or has already been started. The production of new styles of men's and women's outerwear will be considerably increased at these factories. Labor productivity will increase by 15-20 percent, while the number of workers will be reduced by 1,070. Technical reequipping in the production of women's and children's leather and cloth house slippers and street shoes is being carried out simultaneously at a number of enterprises, at enterprises of the "Zarya" production association in Moscow, the "Vostok" footwear association in Moscow and the "Skorokhod" association in Leningrad. Production volumes at these enterprises will be increased by 1.2 million pairs of footwear, the assortment will be renewed and the quality of the product will be improved. The "Krasnyy Vostok" knitted glove factory in Moscow is being reconstructed. This will make it possible to increase the output of gloves, which presently amounts to 18.5 million pairs annually, by approximately 1.5- to 2-fold without an increase in the number of workers and with an improvement in the product quality. The Moscow Haberdashery Textile Production Association is undergoing technical reequipping. Its output of elastic strip will be expanded from 146 to 350 million meters annually.

Both countries attach great importance to interaction in the creation of capacities for the processing of waste materials from the spinning and weaving industry. Specifically, it is planned to create production lines for the processing of 1,200-1,500 tons of by-products annually and the production of a new assortment of goods from secondary raw materials by 1985 at five Soviet silk industry enterprises, using technology and equipment from the GDR. This will make it possible to produce an additional 6-8 million square meters of cloth each year.

#### The Effect of Direct Relations Among Enterprises

The development of cooperation in the area of production intensification with direct relations among enterprises in related fields has become an urgent matter. This is to be based on systematic technical and economic analysis of similar types of products and the mutual adoption of improvements in the production processes and advanced know-how.

In 1982 alone labor productivity increased by 7.4 percent in the production of women's pantyhose and children's tights, and the raw material utilization factor improved at the "Aurora" hosiery combine in Brest, which has direct relations with the "Esda" combine in the GDR. Cooperation between the Kalininsk Sewn Goods Association and the "Fortschritt" enterprise has produced perceptible results. And there are other examples.

Local industry constitutes a considerable reserve for expanding the production of consumer goods, cultural and household items. Specific working programs have been developed on the basis of agreements of June, 1982, among the Union republic ministries of local industry and the GDR's Ministry for District Managed Industry and Foodstuffs Industry. Output volumes for capacities engaged in cooperation will more than double by 1985.

It would be useful to study and apply the GDR's experience with production relations between local industry and the corresponding branches of industry under central jurisdiction. The latter are providing productive assistance with the implementation of a modern technological policy at local industry enterprises and helping to provide them with needed assemblies, parts and materials by a legally established procedure and with proper material incentives. The latter is also important.

There are still numerous reserves and uncompleted efforts in the practical development of cooperation in the production of consumer goods and especially in the manufacture of equipment for their production. In the first place, possibilities are not being fully utilized in such branches as machine building and the electrical engineering, electronics and metallurgy industries and instrument making. Interaction is poorly developed in the area of domestic and other services.

The provision of traditional types of equipment for the corresponding production operations and of consumer goods within the framework of mutually advantageous commodity circulation, along with the basic areas of cooperation, is making a perceptible contribution to the development of light industry and other branches.

In 1982 alone the Soviet Union shipped to the German Democratic Republic 88,000 tons of cotton fiber for the textile industry, more than 60,000 tons of newspaper and writing paper and a substantial quantity of cultural and household goods, including 668,000 mechanisms for watches and clocks, 73,000 cameras, more than 51,000 television sets, more than 34,000 movie cameras and projection units. The GDR, in turn, provided our nation with 16.2 million square meters of cotton and cotton-like fabrics, 104.5 million rubles worth of coats and outerwear, and other goods. During the period 1983-1985, in view of the increasing consumer goods production in the USSR, the German Democratic Republic will provide the corresponding Soviet enterprises with more than 200 million rubles worth of machinery and equipment in addition to volumes previously agreed upon.

The systematic implementation of decisions issued by the CPSU Central Committee and the Central Committee of the Socialist Unity Party of Germany on the implementation of a closely coordinated economic policy constitutes the reliable precondition and a guarantee that the powerful tools of cooperation will be successfully used for the accomplishment of tasks involved in steadily improving the people's welfare.

## USSR-EAST EUROPE BILATERAL TRADE

### PRAVDA ON HUNGARIAN ECONOMIC REFORM

PM110943 [Editorial Report] Moscow PRAVDA in Russian 27 October 1983 First Edition carries on page 4 a 1,600-word report by "own correspondent" V. Gerasimov datelined Budapest and published under the heading "Busy Days. Along the Party Congress Path."

The report is devoted to the progress of economic reform in Hungary. Gerasimov begins with a description of his meeting and conversation with Andras Petes, general director of the Ozd metallurgical combine, who told him:

"Now we must work not just better but in a different manner. Yesterday's forms of organization are no longer suitable. This does not mean that they were bad. Today we simply need much more enterprise and efficiency."

After writing about the progress and results of economic reform in the Ozd metallurgical combine, Gerasimov turns to his meeting with Karoly Grosz, first secretary of the Borsod Megye MSZMP committee, Sandor (Enekesh), general director of the Miskolc ("Digep") machine building plant, and Zoltan Karpati, secretary of the plant's party organization. According to Grosz, "Compared with international standards we have higher labor costs per item produced, greater expenditure of materials and energy, many superfluous auxiliary sectors, maintenance services, and overblown administrative apparatus, interplant transport deliveries are not organized, and equipment is not fully utilized." Gerasimov writes about the successes of the plant as described by (Enekesh) and Karpati, and turns to the Hungarian economy in general, referring to Hungarian Ministry of Industry data to the effect that 40-60 enterprises, employing 10-15 percent of the labor force "function at low efficiency and are unprofitable."

He then describes the higher requirements to be met by new recruits for administrative duties and the improved utilization of the labor force, and concludes:

"The MSZMP, proceeding from the decisions of its 12th Congress and in constant consultation with the masses, is focusing its efforts on the main directions of development and is mobilizing the economic leaders and working people for the discovery of internal reserves and for the more efficient utilization of the advantages of the socialist system of economic management and all its levers."

CSO: 1825/43



## USSR-EAST EUROPE BILATERAL TRADE

### BRIEFS

CSSR-USSR COOPERATION COMMISSION MEETS--The 24th session of the Czechoslovak-Soviet inter-governmental Economic and Scientific-Technical Cooperation Commission took place in Moscow from 5 to 7 December. Questions connected with coordinating the state plans of Czechoslovakia and the Soviet Union from 1986 to 1990 were discussed, as were the means and deadlines for consultations relating to the coordination of both countries' development plans in science and technology in the coming 5-year plan. The main directions of long-term cooperation up to the year 2000 between the Soviet Union and Czechoslovakia in science and technology were discussed. The questions of fulfilling joint commitments in deliveries of goods, the course of construction and rebuilding of major projects being built in Czechoslovakia with the technical assistance of the USSR were discussed, as well as measures aimed at fulfilling coordinated quotas of foreign trade shipments between the Soviet Union and Czechoslovakia by all types of transport in 1983 and also the preparation of a transport protocol for 1984. The commission dealt with the questions of further developing specialization and production cooperation between the Soviet Union and Czechoslovakia, among other things in the fields of electronics, engineering for the food industry, tractor production, agricultural engineering, and the car industry. Both sides signed a program on the development of production specialization and cooperation between the Soviet Union and Czechoslovakia, in the sphere of technology for the needs of the health service until 1990. The head of the Soviet delegation was USSR Deputy Premier Nikolay Talyzin, and the Czechoslovak delegation was headed by Deputy Premier Rudolf Rohlicke. The work of the commission took place in an atmosphere of fraternal friendship, and full mutual understanding. [Text] [LD080051 Moscow in Czech and Slovak to Czechoslovakia 1600 GMT 7 Dec 83]

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## TRADE WITH INDUSTRIALIZED COUNTRIES

### RESULTS OF 'AGRIBUSINESS-USA, 83', OTHER EXHIBITIONS DETAILED

Moscow SOVETSKAYA KUL'TURA in Russian 27 Oct 83 p 8

[Article by V. Svirin: "In the Field, Behind the House"]

[Text] When the American-Soviet Trade and Economic Council declared its intention to conduct the "Agribusiness-USA, 83" exhibition in Moscow, applications for participation in it were sent almost immediately to more than 100 American companies. Such well known firms as Caterpillar Tractor, Lockwood, Coca Cola, International Harvester, John Deere, Tipek, and others were among the first to take this step despite all the kinds of bans and sanctions which were being practiced by the Reagan administration. It looks like U. S. business people have a clear and unambiguous answer to the question about relations with the Soviet Union and this reply is a natural one: trade, expand cooperation.

Using the opportunity to search for ways to develop contacts with Soviet organizations, they brought to the exhibition agricultural equipment; systems for monitoring, automating and controlling agro-industrial processes; the results of scientific research; and machines for processing plant and animal-husbandry products. Richard (Mittelbushner), vice-president of the Conagra firm, told a correspondent of SOVETSKAYA KUL'TURA: "We came to Moscow with the desire to establish mutually beneficial trade relations and with the hope to develop joint projects".

Such ties already exist with several American companies. Among them are Chilewich and Coca Cola, CIT and Phillip Morris, Monsanto and RMF which has delivered equipment for the production of children's products to Tikhoretsk, and the Control Data Corporation which has its own representatives in the USSR. This time, Data introduced its innovation -- the "Geniponics" programmable system for the year-round growing of tomatoes, lettuce, cucumbers, egg-plant, green peppers, and even melons under any climate conditions. The specialists needed almost 10 years to create a distinctive hothouse which could be mounted in an old building, cave, alpine region, or transportable structure.

One can say that it is an artificial field. However, the fields, which lie between cities and villages, remain the main ones and they require enormous labor from the farmer. Designers are trying to make the work of plowmen easier.

For example, the Argus firm is demonstrating a self-propelled unit for applying fertilizer, which is mounted on the chassis of one of the Soviet tractors, and an electronic instrument, which permits a combine operator to watch whether he is losing grain during the harvesting. The economic development administration of the state of Nebraska is advertising a series of machines for planting and harvesting potatoes, which cleans dirt from the tubers, separates stones from them, and sorts and packs the crop. The (Lasko) firm from the state of Mississippi is displaying a "lightning" cultivator. The "lightning" is interpreted both as bearing lightning and as quick as lightning. Travelling about a field, the cultivator kills weeds with a high voltage electrical charge -- instantaneous lightning touching a plant, vaporizes the moisture in it and the weed is dried out and dies. There are no chemicals and no damage to the land.

Among the displays there were a kidney bean harvesting machine, units for cutting different types of root-crops into pieces with different shapes and sizes, and an instrument for determining the content of nutritional substances in products and beverages: Using argon plasma, it reveals up to 50 elements in a minute. These products can even be pancakes baked here in a machine from the (Demako) firm at the rate of 600 pieces an hour.

(Demako) is also producing machines which give manicotti--items made from dough which has been started with cheese and fried in a tomato sauce, and ravioli -- a type of Italian meat dumpling. The pride of the firm is a press which puts out 1,200 kilograms of macaroni an hour. However, a Hungarian food industry machine building plant, which is displaying export equipment in Moscow, and many Italian firms, who are participating in the "Agritalia" exhibition, are boldly competing with the American firm in this area. The Hungarian plant has introduced its equipment for large and small bakeries where the output of pastries and fancy cakes and of pies made from leavened and short dough and made from potato flour with a vegetable and fruit and nut and poppyseed stuffing is automated as much as possible. Nearby, hot rolls -- standard ones and butter ones, small ones and gigantic ones -- are spread out on a table....

The "Kompleks" foreign trade enterprise from Budapest -- the organizer of this exhibition is also selling the fruits of joint work between Soviet and Hungarian designers in the processing industry area. Several "Kompleks" lines, such as, for example, the one that was put into operation in Berlin last week, produce up to 2,000 kilograms of finished products an hour.

Italy -- a recognized exporter of macaroni items -- is also offering its own lines and its own products. Here is only one of the firms -- Federici, not the largest in the country. Its factory produces 300 tons of spaghetti a day, and the representative of the Rosa Federici enterprise is displaying outspoken interest in trade with the USSR.

The three exhibits, which are not identical in size, but which nevertheless are extremely considerable, are characterized by a common trend -- to demonstrate their own capabilities in a business partnership with the Soviet Union. The sources of these opportunities are in the peasant's cornfields to which man is devoting his work days and holidays.

## TRADE WITH INDUSTRIALIZED COUNTRIES

### SOVIET-FRENCH TRADE RELATIONS REVIEWED

#### Cresson on USSR-France Trade

PM251249 Moscow SEL'SKAYA ZHIZN' in Russian 23 Nov 83 p 3

[Interview with Edith Cresson, French minister of foreign Trade and tourism, by correspondent K. Mezentsev: "Trade Is the Way to Peace"--first paragraph is editorial introduction]

[Text] The scheduled 18th Session of the Soviet-French Standing Mixed ("Grand") Commission has ended in Moscow. The French delegation was headed by Edith Cresson, French Minister of Foreign Trade and Tourism. SEL'SKAYA ZHIZN' correspondent K. Mezentsev met with E. Cresson and asked her to share her opinion of the present state of trade and economic relations between the Soviet Union and France and of the prospects for their further development.

The existing level of trade and economic exchanges between our two countries is, on the whole, good at present, E. Cresson said. Franco-Soviet cooperation is developing very well in scientific and technical sectors such as space and nuclear research, and joint developments are being conducted successfully in the sphere of television and other spheres. Economic cooperation is also in the ascendant, although there are problems here. One of them, in our view, is the current deficit in the balance of trade in your country's favor. Even though the balance has recently begun to be redressed and, according to preliminary estimates, the deficit will be halved and maybe even reduced further by the end of 1983 compared with the previous year, the problem still remains.

We draw our Soviet friends' attention to the opportunities for surmounting these problems by means of expanding trade and concluding new contracts with French enterprises. Some of the current talks have already gotten quite far ahead. For example, our participation in constructing a gas-processing complex in the USSR and the broadening of cooperation in the sphere of motor vehicle building, metallurgy, car building, transport machine building, and the food and gustatory industry also strike us as promising spheres for the further development of commercial exchanges. As a former French Minister of Agriculture, I am cheered by the first trade contracts concluded with the Soviet Union in the agro-industrial sphere following the completion of summer harvest work.

The broadening of trade and economic ties between our two countries also presupposes the development of cooperation in the sphere of new, advanced technology. The existing projects are quite promising. I can name, for example, two large French companies which were mentioned during this session of the "Grand" Commission. They are the Technip Society, which has been cooperating with your country for many years--it is proposed that it will participate in constructing the gas-processing complex--and the Thompson Company, which is engaged on developments in the sphere of color television.

The Soviet Union is a very reliable partner in the world arena. When providing credit for various business deals the funding bank organizations usually classify the parties from the viewpoint of the risk involved in getting back the capital invested. And the USSR always comes under the category of "reliable capital investment." When talks are conducted with your country, the most complex stage is that prior to signing the contract. Problems never arise after the deal is concluded. The Soviet side always fulfills in full all the commitments it has adopted.

I think, E. Cresson said to conclude the conversation, that the development of balanced trade and economic ties on a regular, long-term basis is the way to peace.

#### Cresson on Talks in USSR

LD241002 Moscow Domestic Service in Russian 2000 GMT 23 Nov 83

[Text] Edith Cresson, French minister of foreign trade and tourism, gave a press conference in Moscow today for Soviet and foreign journalists devoted to the results of the session of the permanent joint grand Soviet-French Commission.

[Begin Cresson recording in French with superimposed Russian report] The discussions at the session were frank and took place in a very friendly atmosphere, Edith Cresson says. At the session we spoke about important issues of French-Soviet economic and scientific-technical cooperation and ways to expand it. It must be noted that the Soviet side was understanding about our striving to even out the trade balance between the two countries and to increase deliveries from France to the USSR of equipment for various branches of industry.

We jointly outlined plans for expanding mutual trade, taking into account a considerable increase of Soviet gas supplies to France in the coming years. My conversations with Soviet Industry heads were extremely fruitful, Edith Cresson continued. We are working together in many directions. For example, French and Soviet scientists and specialists are cooperating actively on space research, on questions of using nuclear energy for peaceful aims, in agriculture, (?and in chemicals). An interesting program of cooperation in the sphere of color television is now being discussed. In short, the French Minister of Foreign Trade and Tourism stressed in conclusion, all the prerequisites exist to ensure that the economic and scientific-technical links between France and the USSR continue to develop dynamically and to mutual benefit. [end recording]

In Moscow today Edith Cresson opened the French national exhibition Oil and Gas 83. Eighty-five major French firms such as Alcatel, Alsthon-Atlantique, Thompson, Gaz de France, Creusot-Loire, Technip and others, are demonstrating equipment, instruments and automatic equipment for the oil and gas industry in the exhibition pavillion on the Krasnopresenskaya Naberezhnaya. Many of these companies have been connected with Soviet organizations for a long time, and in the opinion of the participants in the exhibition this display will promote the deepening of French-Soviet cooperation in such an important branch of industry as the oil and gas industry.



## Cooperation Protocol With Renault

LD251900 Moscow TASS in English 1701 GMT 25 Nov 83

[Text] Moscow, 25 Nov (TASS)--A protocol with the French firm Renault has been signed here on scientific-technical and trade-economic cooperation in car building.

In pursuance of the above protocol, the Foreign Trade Organization Autopromimport concluded with the Renault firm a contract for drawing up a project of expansion and reconstruction of the "Moskvich" production organisation, and engineering works to complete the design of the new passenger car "Moskvich 2141." The model is planned to be put out in the first quarter of 1986. The contract is worth about 300 million French francs.

Soviet organisations have long been successfully cooperating with the French firm. Renault participated in establishing the Izhevsk car factory, the production organisation Kamaz, the Pskov plant of heavy electric welding equipment and other industrial projects.

## Meeting With Soviet Trade Officials

[Editorial Report] Moscow TASS in English 0124 GMT 19 Nov 83 carries a 150-word report on an address by Yvon Gattaz, president of France's Conseil National du Patronat, at a press conference in Moscow's World Trade Center.

The report summarizes Mr Gattez' message that "Prospects are opening up for mutually beneficial cooperation in such new fields as agri-industry, the production of consumer goods and the storage and processing of vegetables and fruit.

Our delegation is leaving Moscow with a sense of profound conviction. Yvon Gattaz stressed, that both sides are aware of the need to develop business cooperation in different fields of the economy, science and technology."

In addition, the report notes that "During their stay in Moscow members of the French delegation were received by Nikolay Tikhonov, chairman of the Council of Ministers of the USSR, his deputies Nikolay Baybakov, Leonid Kostandov and Yuriy Marchuk, and Soviet Foreign Trade Minister Nikolay Patolichev."

CSO: 1825/41

GENERAL

'MISCONCEPTIONS' CONCERNING 'SOCIALIST COMPETITION' ADDRESSED

[Editorial Report] Moscow ARGUMENTY I FAKTY in Russian No 45, 6 Nov 83 carries on page 3 an 800-word article by B. Yershov entitled "A Mutually Beneficial Partnership" which criticizes external views on CEMA economic operations. The author claims that "Western propagandists" have at least three misconceptions in their arguments: "First, that competition (konkurentsiya) produces good. Second, that socialist competition (sotsialisticheskoye sorevnovaniye) is a myth. Third, that corresponding production branches within CEMA are dominated by competition."

The author states that the Ford Company's gain in Western Europe auto sales comes at the expense of France's Renault and Italy's Fiat companies, and that the high rate of bankruptcies shows that only the "largest, most powerful and unscrupulous monopolies" benefit from competition. B. Yershov further asserts that the socialist economies strive for good of the individual through technical progress and that CEMA enterprises support rather than exhaust each other in the process of international socialist competition, relying upon "the rational division of labor between producers." He goes on to state that while the interests of CEMA partners do not always coincide, trade is conducted on the basis of mutual gain. He lists as examples Soviet-Hungarian cooperation in producing cast-iron and CEMA cooperation in manufacturing automobiles and buses.

The author concludes that "Competition is before all else initiative and socialist enterprise in accordance with the highest, humanistic account. Mass initiative creates real preconditions for improvement in economic relations. And such improvement is a pledge for the growth of production and increasing the well-being of people. A class orientation to principally different end goals excludes reduction to a 'common denominator' of means and ends for capitalist and socialist economics."

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